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FISCAL IMPACT STATEMENT

LS 7369

BILL NUMBER: SB 501

NOTE PREPARED: Jan 20, 2015

BILL AMENDED:

SUBJECT: Indiana Academic Standards.

FIRST AUTHOR: Sen. Delph

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
☒ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill requires the State Board of Education, before July 1, 2016, to readopt the Indiana Academic Standards that were in effect before January 1, 2009. It prohibits the State Board, the Department of Education, and school corporations from applying for or renewing a flexibility waiver from federal Elementary and Secondary Education Act (No Child Left Behind) requirements after June 30, 2015. It provides for the continuation of the ISTEP assessment until the new standards are adopted. It allows the State Board to adopt emergency rules concerning the standards until permanent rules can be adopted. It makes a technical correction.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Summary:* The fiscal impact of readopting the Indiana Academic Standards (IAS) that were in effect before January 1, 2009 would be approximately \$15 M in savings annually. Beginning with the 2015-2016 school year, the state is scheduled to administer an assessment based on the academic standards adopted by the State Board of Education in 2014. The cost of this assessment is estimated at \$65 M. The current cost for the ISTEP assessment is approximately \$50 M.

The bill states that during the 2017-2018 school year, the State Board of Education has to authorize the Department of Education to administer either the ISTEP assessment or a comparable assessment that is aligned with the IAS. Since the ISTEP assessment is based on the IAS, it is assumed that the State Board would adopt the ISTEP assessment. The fiscal impact would be limited to test maintenance costs. The development cost for a new assessment program could be reduced if many of the test items from ISTEP are incorporated into the new assessment program.

Flexibility Waiver- The Department of Education would save the administrative costs associated with compiling the documents to submit to the U.S. Department of Education.

Additional Information: In 2014, the State Board of Education voted to replace the IAS with the Indiana College and Career Readiness Standards. This bill requires the state to return to the IAS. Under the bill, the Department of Education would administer the ISTEP assessment during the 2015-17 biennium.

Explanation of State Revenues: *Flexibility Waiver-* If the waiver is not renewed, the state may lose its flexibility in the use of Title 1 funds that provides funding to schools under the No Child Left Behind (NCLB) Act. It may also suffer the potential loss of administrative funds that are used to pay for staff and statewide programs implemented for school corporations; it is allowed to use up to 5% of its Title 1 funds for these purposes. The potential loss is estimated to be \$12.9 M in FY 2015.

Explanation of Local Expenditures: *Flexibility Waiver -* If the waiver is not renewed, school corporations would be subject to the requirements of the No Child Left Behind (NCLB) Act. All students would have to become proficient in reading and mathematics. Local school corporations could have to implement measures and expend resources to accomplish this. This could include additional remediation classes and the hiring of additional staff. Underperforming schools would have to set aside 20% of their allotted local Title 1 dollars for supplemental education services for targeted student subgroups.

This may represent an additional workload [and/or expenditure] on corporations, and existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation. The additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

Additional Information - The NCLB Act requires all public schools receiving federal Title 1 funding to test students in grades 3 to 8 and at least once in high school in reading and mathematics. The act requires states to ensure that all students are proficient in grade-level math and reading by 2014. Schools must make "adequate yearly progress (AYP)" towards this goal, whereby proficiency rates increase in the years leading up to 2014.

The U.S. Department of Education permits states to waive the requirement that each student must be proficient by 2014 in reading and math, and certain mandated interventions such as supplemental educational services for schools and school districts failing to meet the AYP targets.

Explanation of Local Revenues:

State Agencies Affected: Department of Education; State Board of Education

Local Agencies Affected: School corporations; Schools

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